



M 0490006
TASL 2862
cc: Lynn
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January 28, 2009

Division of Oil, Gas and Mining
1594 W North Temple Suite 1210
P.O. Box 145801
Salt Lake City UT 84114-5801
Attn: Paul Baker, Environmental Manager

Dear Mr. Baker:

I received your letter dated January 13, 2009 regarding our revised NOI for our Clinton Clay mine in Utah County (M/049/0006). I am writing to express our frustration with the process of revising our mining permit and the extraordinary delays we've encountered in dealing with your agency.

We initially submitted the revised NOI in May of 2008 at the insistence of Beth Erickson. She required us to do this as the format for the NOI had changed since the original NOI was approved by the division in 2003. Despite Ms. Erickson's often highhanded manner we complied as we always have with the requirements set forth by your office.

We submitted that revised NOI with new reclamation estimates in early August of 2008, reflecting the considerable and costly reclamation sitework Interpace had conducted. At the time, Lynn Kunzler had surveyed the work and said he was very pleased with the amount and quality of the work we had completed.

I called Mr. Kunzler in late November, what seemed like a reasonable amount of time, to see where the division was in the review of the NOI. At that time it had not been reviewed but was next in line. I called again before the holidays and was told that the engineers were reviewing the NOI. I called again on January 11, 2009 and was told that the engineers were still reviewing the estimate and had some questions with some of our calculations. Lynn said the engineers would be getting out their estimate that week.

In the five months the division has had the revised NOI and in all of the intervening conversations with the division never once was I informed that your agency had changed its format for the reclamation estimate nor that suddenly Interpace would have to AGAIN revise the estimate from the format that the division told us to use when the original NOI was submitted.

Had we been informed earlier, it would have spared Interpace what could be a costly delay, as we are now renewing the letter of credit (LOC) and the costs for the LOC will not reflect the work we have already conducted. The result is that Interpace will have to

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pay higher fees and interest than we should unless the division acts with urgency in this matter.

I am resubmitting the estimate for the surety in the format the division requires, but I would insist that the division acts promptly in reviewing the estimate. If we don't have a reply from the division by Feb. 15 we may face a serious penalty due to your agency's inaction.

I also suggest a review of paragraph two in the section titled R647-113-Surety which states:

"The Division needs addition information to complete the demolition work such as the electrical generators, air compressor station, propane heating system, water lines, ventilation fans and hoists, explosive magazines."

I believe this reference contained in your Jan. 13 letter to us is erroneous as there are no such facilities or structures present on the site in question. Please advise me as to your intent regarding this mysterious reference.

Please contact me personally if you have any questions or further information is required please call me at (801)726-3249.

It's my sincere hope that your agency won't force Interpace to incur unnecessary costs associated with further delays at a time when the firm is already suffering such economic stress.

Sincerely,

A handwritten signature in cursive script, appearing to read "Aaron Hancock".

Aaron Hancock
COO/Plant Manager
Interpace Industries, Inc.

Cc: Dana Dean, Assoc Director Mining

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Prices for machinery come from www.machinerytrader.com

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calculations for the owning and operating costs come from the Caterpillar Performance Handbook

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Disc.	Units	Cost
Clinton Clay Pit East wall of old gravel excavation area (area E1) East 70															
Backfilling and Grading															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	3 AC		0.15	AC/HR	20	HR	4,500.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					20	HR	670.00
Subtotal													40		5,170.00

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit Old waste dump (area E2) East 70															
Backfilling and Grading															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	3	AC	0.15	AC/Hr	20	HR	4,500.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					20	HR	670.00
Subtotal													40		5,170.00

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	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit South waste dump (area E4) East 70															
Regrading and ripping															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225 \$/HR						120 HR		27,000.00
Cat D740 articulated truck	276250	60.341	0	26	156.70	2	313.4 \$/HR						60 HR		18,804.00
Cat 345 hydraulic excavator	253500	72.874	0	50	191.00	1	191 \$/HR						60 HR		11,460.00
Foreman Average, Outside					33.5	1	33.5 \$/HR						120 HR		4,020.00
Subtotal													360		61,284.00

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	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit Gravel Excavation area East 70															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	7	AC	0.375	AC/HR	18.67	HR	4,200.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					18.67	HR	625.00
Subtotal													37.34		4,825.00

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	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit General East 70															
Backfilling and Grading															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	3	AC			40	HR	9,000.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					40	HR	1,340.00
trash and general cleanup															
Manual labor					15	1	15	\$/HR	70	AC	1	AC/HR	70	HR	1,050.00
Equipment mobilization															
Cat D740 articulated truck							600	per move	2	Moves					1,200.00
Cat 345 hydraulic excavator							600	per move	4	Moves					2,400.00
Cat D8 dozer							600	per move	2	Moves					1,200.00
Removal of scale base															
Cat D740 articulated truck	276250	60.341		0	156.70	2	313.4	\$/HR					4	HR	1,253.60
Cat 345 hydraulic excavator	253500	72.874		0	191.00	1	191						4	HR	764.00
Subtotal													156		18,207.60

The move cost is the amount our subcontractor charges us to move one piece of equipment in or out of this mine site

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit Waste dump (area W1) West 34															
Backfilling and Grading															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	4	AC	0.1	AC/HR	40	HR	9,000.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					40	HR	1,340.00
Soil redistribution and stabilization															
Cat D740 articulated truck	276250	60.341	0	26	156.70	2	313.4	\$/HR	4856	yards	161.866667	yds/hr	30	HR	9,402.00
Cat 345 hydraulic excavator	253500	72.874	0	50	191.00	1	191	\$/HR	4856	yards	161.866667	yds/hr	30	HR	5,730.00
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	4	AC	0.18181818	AC/HR	22	HR	4,950.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					30	HR	1,005.00
Subtotal													192		31,427.00

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit Old west cut (area W2) West 34															
Backfilling and Grading															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	3	AC	0.045	AC/HR	66.68	HR	15,000.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					66.68	HR	2,234.00
Topsoil															
Cat D740 articulated truck	276250	60.341	0	26	156.70	2	313.4	\$/HR	3642	yards	145.68	yds/hr	25	HR	7,835.00
Cat 345 hydraulic excavator	253500	72.874	0	50	191.00	1	191	\$/HR	3642	yards	145.68		25	HR	4,775.00
Cat D8 dozer	227500	109.32	0	55	225.00	1	225	\$/HR	3	AC	0.2		15	HR	3,380.00
Foreman Average, Outside					33.5	1	33.5	\$/HR					25	HR	838.00
Subtotal													223.36		34,062.00

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	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Clinton Clay Pit															
Catch all															
West 34															
Backfilling and Grading mining area															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225 \$/HR		10 AC		0.5 AC/HR		20 HR		4,500.00
Backfilling and Grading overall touch-ups															
Cat D8 dozer	227500	109.32	0	55	225.00	1	225 \$/HR						40 HR		9,000.00
Foreman Average, Outside					33.5	1	33.5 \$/HR						60 HR		2,010.00
trash and general cleanup															
Manual labor					15	1	15 \$/HR		34 AC		1 AC/HR		34 HR		510.00
Equipment mobilization															
Cat D740 articulated truck							600 per move		2 Moves						1,200.00
Cat 345 hydraulic excavator							600 per move		4 Moves						2,400.00
Cat D8 dozer							600 per move		2 Moves						1,200.00
Subtotal													154		20,820.00

The move cost is the amount our subcontractor charges us to move one piece of equipment in or out of this mine site

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